

**WATER FOR PEOPLE CANADA
FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2013**

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Exhibit - 1

INDEPENDENT AUDITORS' REPORT

To the Members of
Water For People Canada
Toronto, Ontario

We have audited the accompanying financial statements of Water For People Canada which comprise of the statement of financial position as at September 30, 2013 and the statements of operations, and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the charity as at September 30, 2013 and its financial performance and its cash flows for the period ended in accordance with Canadian accounting standards for not-for-profit organizations.

Markham, Ontario
February 28, 2014

Applebaum Commisso LLP
Applebaum, Commisso LLP
Licensed Public Accountants

**WATER FOR PEOPLE - CANADA
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2013**

	<i>General Fund</i>	<i>Restricted Asset Fund</i>	<i>Total 2013</i>	<i>Total 2012</i>
ASSETS				
Current				
Cash	26,298	154,275	180,573	49,261
Total Assets	\$ 26,298	\$ 154,275	\$ 180,573	\$ 49,261
LIABILITIES				
Current				
Accounts payable and accrued liabilities	8,966	154,275	163,241	6,849
Total liabilities	\$ 8,966	\$ 154,275	\$ 163,241	\$ 6,849
FUND BALANCES (Exhibit - 3)				
Externally restricted	-	-	-	20,031
Unrestricted	17,332	-	17,332	22,381
	17,332	-	17,332	42,412
	\$ 26,298	\$ 154,275	\$ 180,573	\$ 49,261

The accompanying notes form an integral part of these financial statements.

WATER FOR PEOPLE - CANADA
 STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund		Restricted Fund		Total	
	2013 12 months	2012 9 months	2013 12 months	2012 9 months	2013 12 months	2012 9 months
REVENUE						
Contributions, Grants and Sponsorships	\$ 260,515	\$ 364,208	\$ 196,481	\$ 21,443	\$ 456,996	\$ 385,651

EXPENSES

Program Services:						
Developing Countries	-	-	308,567	274,015	308,567	274,015
Supporting Services:						
Management and General	98,024	69,469	-	-	98,024	69,469
Fundraising	75,485	57,411	-	-	75,485	57,411
Total Support Services	173,509	126,880	-	-	173,509	126,880
Total Expenses	173,509	126,880	308,567	274,015	482,076	400,895

Excess (deficiency) of revenues over expenses	87,006	237,328	(112,086)	(252,572)	(25,080)	(15,244)
Fund balances - beginning of the year	22,381	57,656	20,031	-	42,412	57,656
Transfer of internally restricted contributions	(92,055)	(272,603)	92,055	272,603	-	-
Fund balances - end of year	\$ 17,332	\$ 22,381	\$ -	\$ 20,031	\$ 17,332	\$ 42,412


 - Director

The accompanying notes form an integral part of these financial statements.

**WATER FOR PEOPLE - CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Operating Activities					Financing and Investing Activities				
	General Fund 2013 12 months	Restricted Fund 2013 12 months	Total 2013 12 months	Total 2012 9 months	General Fund 2013 12 months	Restricted Fund 2013 12 months	Total 2013 12 months	Total 2013 12 months	Total 2012 9 months	
Sources of cash:										
Contributions, grants and sponsorships	\$ 260,515	196,481	\$ 456,996	385,651	\$ -	-	-	-		
Interfund transfers	-	92,055	92,055	272,603	-	-	-	-		
Uses of cash:										
Interfund transfers	(92,055)	-	(92,055)	(272,603)	-	-	-	-		
Management and general Fundraising	(95,907)	-	(95,907)	(63,525)	-	-	-	-		
Developing countries	(75,485)	-	(75,485)	(57,411)	-	-	-	-		
	-	(154,292)	(154,292)	(274,015)	-	-	-	-		
Net increase in cash	(2,932)	134,244	131,312	(9,300)	-	-	-	-		
Cash, beginning of year	29,230	20,031	49,261	58,561	-	-	-	-		
Cash, end of year	\$ 26,298	154,275	\$ 180,573	49,261	-	-	\$ -	-		

The accompanying notes form an integral part of these financial statements.

WATER FOR PEOPLE CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

1. CORPORATE STATUS

The organization is a corporation without share capital incorporated under the Canada Corporations Act with a registered charitable number 89822 1973RR0001 and is exempt from income tax. As a registered charity under the Income Tax Act, the organization may issue receipts for charitable donations. The organization was established with the mission of providing sustainable drinking water to people in third world countries around the world.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statement have been prepared in accordance with Canadian accounting standards for not-for-profit organizations; accordingly, these financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

a) Revenue and expenses recognition

Revenue and expenses are recognized on the accrual basis with the exception that donations are recognized on a cash basis, or when receivable if the amount can be reasonably estimated and collection reasonably assured. The organization has also chosen the restricted Fund Method under generally accepted accounting principles for disclosure purposes.

b) Contributed services

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

c) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires the trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the statement of cash flows in such estimates in future periods could be significant.

d) Restricted fund

All restricted donations received are allocated and distributed to/from the restricted fund. All other donations are allocated to the general fund.

e) Capital assets

The not-for-profit has elected to expense the purchase of all capital asset purchases made.

3. FINANCIAL INSTRUMENTS

The not-for-profit's financial instruments consist of cash, and accounts payables and accrued liabilities. Unless otherwise noted, it is trustees's opinion that the not-for-profit is not exposed to significant interest, currency or credit risks arising from these financial instruments.

4. NON-MONETARY DONATIONS

Office rent totaling approximately \$9,600 was donated to the not-for-profit in the current year.

**WATER FOR PEOPLE CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

5. RELATED PARTIES***Water For People - United States***

Water For People Canada and Water For People - United States (WFPU) established an Agency Agreement in 1996 which defined the original objectives of the not-for-profit as follows: to provide financial and technical assistance that help people in developing countries obtain and sustain safe drinking water and adequate sanitation systems. These objectives are identical to those of WFPU. The Agency Agreement provides for coordination and guidance on projects between the not-for-profit and WFPU.

2 of the 10 members of the not-for-profit's board of directors also serve on the WFPU board. The President of WFPU serves as ad hoc member of the not-for-profit's board.

During the year the resources of the not-for-profit amounting to \$154,275 (2012 - \$274,015) were allocated to WFPU and designated to be held in Trust and used for the purposes designated solely by the not-for-profit. In accordance with the Agency Agreement WFPU headquarters has provided overhead and staff support to the not-for-profit at no charge.

6. INTERFUND TRANSFER

The not-for-profit often transfers funds internally to the restricted fund based on board resolutions to internally restrict certain funds for water purification projects throughout Africa.

7. RESTRICTED FUND ASSETS

The restricted fund assets are held in the restricted fund to be distributed to the Water for People programs in Peru.